

# Summary of the Governor's 2006 Supplemental Operating Budget Proposal

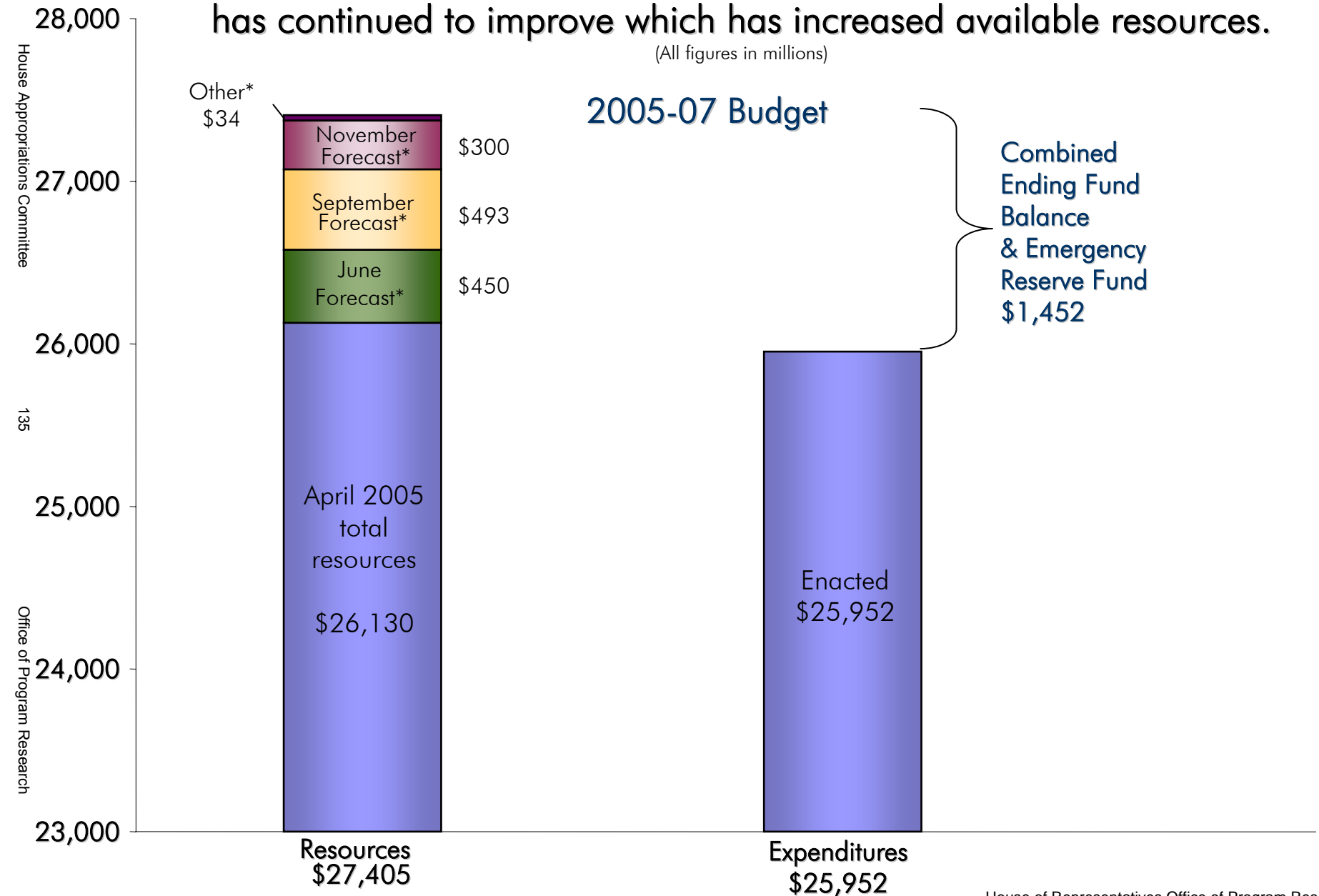
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When the Legislature adopted the original 2005-07 budget, the projected ending balance was \$177 million. Since April, the state's economic outlook has continued to improve which has increased available resources.

(All figures in millions)

## 2005-07 Budget



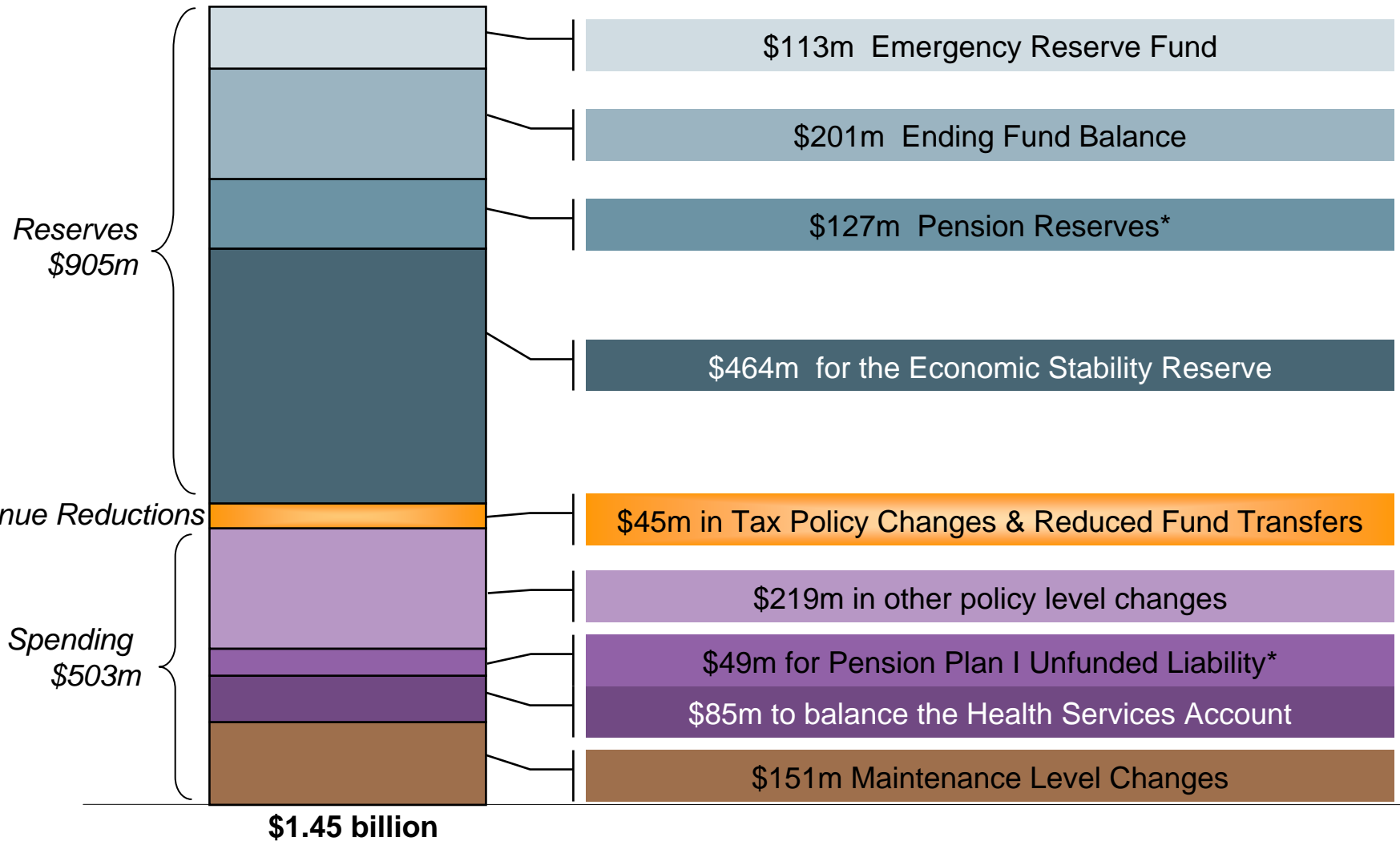
\* Change across two bienniums

# How did the Governor use the \$1.45 billion in available resources?

House Appropriations Committee

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Office of Program Research



\* Taken together, these total \$176m

**Governor's 2006 Supplemental Appropriations  
General Fund - State  
(Dollars in Thousands)**

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<b>Maintenance Level Spending</b>	<b>150,457</b>
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**Policy Level Items**

<b>General Fund Support to Health Services</b>	<b>85,000</b>
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**K-12 Education/Early Learning**

Promoting Academic Success	38,510
Energy Cost Assistance	12,017
Assessment Funding Adjustments	5,074
Math Remediation	3,390
Student Data System	2,896
Health Benefit Changes	2,582
All Other	1,707
Early Learning	1,548
Special Education Lawsuit	1,099
Washington Youth Academy	691
<b>K-12 Education/Early Learning Total</b>	<b>69,514</b>

**Higher Ed**

Facilities Maintenance	4,599
Life Sciences Research	2,430
BAs/Upper Division Courses at CCs	1,660
Higher Ed: Other	800
<b>Higher Ed Total</b>	<b>9,489</b>

**Human Services**

WorkFirst Funding	46,470
Dept. of Corrections OMNI System	11,250
Mental Health Litigation/Ward Expansion	9,620
Child Welfare Info System Replacement	3,802
Children's Health Program	3,473
Other Health Care	1,636
All Other	1,613
Children's: Supervised Visitation	1,439
Mental Health Forensic Staff/Eastern State	1,327
MAA: Expand Provider Review & Prior Auth	-3,129
<b>Human Services Total</b>	<b>77,501</b>

**Natural Resources**

Fire Suppression	2,190
Other Natural Resources	856
Governor's Salmon Recovery Office	500
Puget Sound Restoration	500
Geologic Hazards Program	497
<b>Natural Resources Total</b>	<b>4,543</b>

**Governor's 2006 Supplemental Appropriations  
General Fund - State  
(Dollars in Thousands)**

<b>All Other</b>	
Pension Plan 1 Unfunded Liabilities	48,599 *
Energy Efficiency Grants	17,500
Public Defense Quality Standards	15,965
Dependency & Termination	11,022
Personnel & Other Admin Service Costs	5,242
All Other	4,030
Other Judicial	1,729
CTED: Employment Resource Center	1,600
Life Sciences Discovery Fund Auth	992
Classification Revisions	-203
<b>All Other Total</b>	<b>106,476</b>
 <b>Subtotal New Spending</b>	 <b>502,980</b>
 <b>Plus Create New Pension and Econ. Stability Reserves</b>	
Economic Stability Reserves	464,000
Pension Reserves	127,401 *
<b>Pension and Other Reserves Total</b>	<b>591,401</b>
 <b>Grand Total</b>	 <b>1,094,381 **</b>

\* Taken together, these two items total \$176 million (the amount the Governor indicated that she is setting aside for pension obligations.)

\*\* Reflects total general fund appropriations only. Does not include other items reflected on the balance sheet such as the ending fund balance, revenue policy changes, or the emergency reserve fund.

# Governor's 2006 Supplemental

(General Fund State, Dollars in millions)

## Maintenance Level Items

### *Technical Issues*

SBCTC Bill Drafting Issue	10
Tourism Bill Drafting Issue	(0)

### *K-12*

Enrollmen/Workload	41
Inflation, Other	15
I-732	31

### *Human Services*

Corrections	48
Long Term Care	26
Juvenile Rehabilitation (JRA)	(3)
Medical Assistance	(47)*
Economic Services	21
Childrens	26
Mental Health	10
Other Human Services	(5)

### *Other*

General Govt/Judicial/Natural Resources/etc.	10
Higher Education: I-732	3
Bond Retirement and Interest	(35)

### **Subtotal Maintenance Items**

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\* In addition, \$87 million is appropriated from the Health Services Account (HSA).

## 2005-07 State General Fund Balance Sheet

Includes the Governor's 2006 Proposed Supplemental Budget  
(Dollars in Millions)

<b>Resources</b>	
Beginning Fund Balance	<b>852.6</b>
November 2005 Revenue Forecast	26,335.7
Legislatively-enacted fund transfers and other adjustments	216.8
Governor's Supplemental Budget:	
Energy Initiative - Utility Tax Credit	(7.5)
Tax penalty and payment date revisions	(18.3)
All other revenue legislation proposals	(2.5)
	<b>26,524.3</b>
Adjustments to fund transfers	(16.8)
Transfer to Emergency Reserve Fund	(112.6)
Total Resources (including beginning fund balance)	<b>27,247.5</b>
<b>Expenditures</b>	
Current 2005-07 Appropriation	<b>25,952.4</b>
Governor's Supplemental Budget:	
Maintenance and Other Expenditures	503.0
Appropriations to Reserves	591.4
	<b>1,094.4</b>
Total Expenditures	<b>27,046.8</b>
<b>Balance</b>	
Unrestricted General Fund-State Balance	<b>200.7</b>

Source: Governors Office of Financial Management Budget Highlights  
December 2005



## Balance Sheet Detail for Revenues and Fund Transfers

Includes the Governor's 2006 Proposed Supplemental Budget  
(Dollars in Millions)

<b>Total Reserves</b>	
Unrestricted General Fund-State Balance	200.7
Initiative 601 Emergency Reserve Account	112.6
Pension Funding Stabilization Account	127.4
Economic Stability Account	464.0
	<b>904.7</b>
<b>Proposed Revenue Legislation</b>	
Energy Initiative - Utility Tax Credit	(7.5)
Tax Penalty and Payment Date Revisions	(18.3)
Excise Tax Relief for Aerospace Businesses	(3.0)
Mortgage Lending Fraud Prosecution Account	0.0
Direct Sale of Wine	0.5
Processing of Liquor Licenses	0.0
	<b>(2.5)</b>
	<b>(28.2)</b>
<b>Proposed Adjustments to Fund Transfers</b>	
Retention of Interest in the Pollution Liability Account	(1.3)
Reduction to Pollution Liability Account Transfer to General Fund	(3.8)
Correction of Error in General Fund Transfer to Tourism Account	0.3
Reduction to Existing Transfer from the Public Employees' and Retirees' Insurance Account	(12.0)
	<b>(16.8)</b>

Source: Governors Office of Financial Management Budget Highlights  
December 2005

# Non-General Fund Items in the Governor's Budget

- **Maintenance Level Items**

- ♦ \$46 million in anticipated federal funding to the Military Department for additional homeland security activities
- ♦ \$172 million for DSHS caseload and other items (primarily federal and health services account)
- ♦ \$55 million, primarily in federal funding, for K-12

- **Policy Level Items**

- ♦ \$42 million for Puget Sound Clean-up (\$500,000 GF-S, \$6 million in bonds, \$29 million from the state and local toxics accounts, and \$7 million in other funds in the Capital Budget)
- ♦ \$6 million in federal funding to Secretary of State for phase 2 of voter data base
- ♦ \$13.8 million to DOP for HRMS related costs
- ♦ \$7.6 million from a lawsuit settlement for the UTC for the Low Income Home Energy Assistance Program (LIHEAP)

# Other Items in the Governor's Budget

- **FTEs**

- ♦ The budget assumes an average increase of 523 FTEs for the biennium
- ♦ 294 of those FTEs are related to maintenance level changes (i.e., increased offenders at DOC, etc.) and 230 related to policy level changes

- **Expenditure Limit**

The expenditure limit statute is modified in the budget bill

- ♦ Appropriations made to the Pension Funding Stabilization and the Economic Stability accounts are not to be included in determining whether expenditures exceed the expenditure limit.
- ♦ Spending from the Pension Stabilization account does not constitute a program cost shift.
- ♦ For purposes of calculating the limit in future years, expenditures include appropriations to the Economic Stability Account and appropriations to the unexpended balance of the Pension Stabilization Account.

# 2005-07 Enacted Operating Budget

(\$ in thousands)

	General Fund-State	Near General Fund-State	Total Budgeted
Legislative	140,970	140,970	148,103
Judicial	95,869	166,842	205,183
Governmental Operations	460,076	475,979	3,188,651
Other Human Services	1,574,840	2,137,942	4,153,090
DSHS	7,883,928	8,632,477	17,217,073
Natural Resources	366,902	367,537	1,296,763
Transportation	70,464	75,718	145,790
Public Schools	10,914,763	11,569,194	13,147,661
Higher Education	2,900,607	3,050,609	8,105,412
Other Education	43,974	43,974	105,940
Special Appropriations	1,500,021	1,548,091	1,736,187
<b>Statewide Total</b>	<b>25,952,414</b>	<b>28,209,333</b>	<b>49,449,853</b>